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SUBJECT: CONFERENCE PROMOTES NEGEV AND NEW MINISTRY
SPEARHEADS IT

1. (U) SUMMARY: The Globes business daily newspaper hosted several hundred private and public officials at a business conference where the GOI promoted its Negev Development Plan. A panel of prominent GOI officials lead by former Vice Premier Shimon Peres presented the development plan, which calls for increasing the population of the Negev, providing economic assistance to the Bedouin, upgrading the education system and improving the housing infrastructure, relocating selected military bases to the area, creating industrial zones and high-tech parks, improving existing and building of new infrastructure, and cleaning-up of the Ramat Hovav chemical plant. The speakers indicated that privatization and investment in the Negev will be a key element in ensuring that the economic plan succeeds. Peres asserted that in 2006, the GOI will increase the amount of money allocated for the Negev and that financial assistance promised by the U.S. for the region will be helpful. In a subsequent meeting, the newly minted Ministry for the Development of the Negev and Galilee gave a presentation to the EconCouns on the GOI's plan to develop the two regions. The officials described the structure of the ministry, which is now staffed by 13 people, and indicated that it will address housing, employment, infrastructure, and education issues, including support for the Bedouin. In addition, the ministry will also begin the planning process for a Galilee development plan. END SUMMARY.

GOI Promotes the Negev at Globes Conference

2. (U) On December 3, Globes held a three day business conference, where private and public officials took the opportunity to market their products and different business initiatives. On December 4, the GOI showcased its Negev Development Plan, where prominent government officials promoted the economic initiative and talked about investment opportunities in the region.

3. (U) The panel consisted of former Vice Premier Shimon Peres; Ilan Cohen, Director General - Prime Minister's Office; Lt. General Dan Halutz, IDF Chief of Staff; Eitan Wertheimer, Chairman - International Metal Working Companies; Felix Zandman, Chairman - US Vishay Intertechnology; Avishai Braverman, President of Ben Gurion University (BGU); Shmuel Rifman, Head of the Ramat Hanegev Regional Council; Efrat Duvdevani, Director General - former Vice Premier Peres' office; and Haim Blumenblat, Chief Executive Officer - Daroma.

4. (U) Peres expressed his thanks to GOI ministries for supporting the plan, which he said is reflected in the expenditure of 700 million New Israeli Shekels (NIS), approximately 156 million dollars, for the Negev. He claimed that the GOI will allocate more money for the southern region in 2006, and that financial assistance promised by the U.S. for the Negev will help in this endeavor.

5. (U) The other speakers in the panel highlighted various parts of the plan, such as the GOI goal to increase the population of the Negev through employment and housing initiatives, overhauling the education system and addressing problems in the Bedouin sector. They emphasized that infrastructure support and clean-up of the Ramat Hovav chemical plant takes precedence, in order to create a clean environment that will allow basing of troops in the area.

New Ministry: Nexus for Developing the Negev

6. (U) On December 22, Efrat Duvdevani, Director-General for the newly minted Ministry for the Development of the Negev and Galilee gave a presentation to the EconCouns and Econoff on the GOI's plan to develop the Negev and Galilee. The ministry is staffed by 13 people, mostly shifted from peres' office that dealt with Gaza economic development. Duvdevani was accompanied by Jossef Avi Yair Engel, senior advisor; Yorma Dori, Policy and Interagency Coordination; Jill Marie Reinach, International Affairs and Communications; Orry Ben Porat, Director of Political and Economic Affairs; Noach Kinarti, Director of Projects; Yishay Sorek, Arab Affairs; and Ayelet Frisch, the ministry's spokeswoman. Duvdevani expressed gratitude to the Embassy for raising concerns over parts of the plan that were ambiguous, which she said has helped the ministry take steps to clarify and refine the plan.

17. (U) Porat indicated that the ministry will spearhead the Negev Development Plan, which is estimated to cost 17 billion NIS, approximately 3.7 billion dollars, over the next ten years. He noted that the GOI has already approved the plan and budgeted for it. He said the ministry has five departments: Housing and Tourism, Infrastructure and Economic Development, Arab Communities, Project Leaders, and International Affairs and Communication.

18. (U) Porat noted that the ministry will focus on major issues, such as the low level of income in the Galilee and Negev, approximately 15 percent lower than the national average; the high unemployment rate, which is 35 percent higher than the rest of the country; and the limited infrastructure, which he said creates a sense of isolation. He remarked that limited access to higher education is also a problem because it diminishes a young person's desire to pursue advanced education.

19. (U) Regarding the Israeli-Arab population in the Negev and Galilee, he claimed that 25 percent of the Negev population is Bedouin and 55 percent of the Galilee population is Arab. He said this segment of the minority sector live in conditions of low income, high unemployment, and poor infrastructure. He added that the Bedouin women have 9.8 children on average, compared to the average birth rate for Arab women of four children and an overall national average of 2.4. He noted that this worsens their already dismal socio-economic situation.

Implementing in the Negev and Planning for Galilee

10. (U) Porat said that the ministry's goal is to implement projects in the Negev and to begin planning for the Galilee. He noted that the ministry has been very successful working with the private sector and other GOI ministries, citing as examples 371 mortgage grants given to families in the Negev and 408 grants to families in the Galilee region, in order to facilitate population growth.

11. (U) Porat also highlighted projects for the Bedouin and Druze communities. He remarked that a solar electricity infrastructure grid was recently put into place in the township of Darijat in the Negev, which will benefit both Arab and Jewish inhabitants of that township. He claimed that several Druze and Bedouin tourism initiatives and a R&D center dedicated to Bedouin health, agriculture, and community improvement is in the planning stage. He stressed that vocational training and new education programs for Bedouin youth are all part of the Negev plan.

Ministry's Focus for 2006

12. (U) Sorek said that a committee made up of officials from the Prime Minister's Office, the Ministry of Finance, and the Ministry for the Development of the Negev and Galilee is planning projects for 2006. He indicated that one of its goals is to find an optimal solution for the clean-up of the Ramat Hovav chemical plant, to enable the relocation of military bases to that area. He noted that another goal is to find a way to plan for the restoration of the Dead Sea, and to construct an additional 8,000 hotel rooms in the area to support tourism. He said that these projects will help create 20,000 jobs for Negev residents.

13. (U) Porat said that regarding national projects, the ministry is going to work with the private sector to establish an industrial zone on the Jordanian side and a logistics center on the Israeli side, connected by a bridge. As for the Arab communities, he added, that education, employment, housing, and infrastructure projects will continue to be implemented and that spending in this area will grow in order to help "narrow" the gaps between the Jewish and Arab communities in the Negev.

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